
1 Introduction

Table of Contents

Purpose	1-1
It's The Law! Financial Authorities Which We Must Follow	1-1
Executive Agency Accounting System - 31 U.S.C. 3512	1-1
Financial Reporting and Accounting System - 31 U.S.C. 3513	1-2
Federal Managers Financial Integrity Act of 1982 - 31 U.S.C. 1105, 1113, 3512 ...	1-2
The Prompt Payment Act - 31 U.S.C. 3901-3906	1-2
The Debt Collection Act of 1982 - 31 U.S.C. 3302, 3701, 3711, 3716-3719	1-2
The Chief Financial Officers Act of 1990 - 31 U.S.C. 501	1-2
Government Performance and Results Act of 1993 - 31 U.S.C.	1-3
The Debt Collection Improvement Act of 1996 - 31 U.S.C. 3332	1-3
Federal Financial Management Improvement Act of 1996.	1-3
Responsibilities of the Financial Manager	1-3
Managing Resources	1-3
Review and Evaluation of Agency Programs	1-4
How This Manual Is Organized	1-5

1

Introduction

Purpose

The Budget and Accounting Manual (BAM) is the official publication through which APHIS provides instructions for financial activities of APHIS. It was originally published in June 1981. Although many of the basic financial regulations have not changed, there are new APHIS programs, some funded by user fees, and new regulations that need to be included. It is time for a comprehensive update. The BAM provides all headquarters and field administrative personnel with uniform procedures and guidelines for performing financial management duties. The BAM is a joint effort of the Budget and Accounting Division (BAD) and Field Servicing Office staffs.

It's the Law! Financial Authorities Which We Must Follow

In addition to providing the necessary financial data to Agency program and financial managers, we must provide financial information to the Office of Management and Budget, the Department of the Treasury, and Congress. This information helps assure our ultimate customers -- the taxpayers -- that we spend their money properly and in the best interests of the people. The major financial laws with which we must comply when recording and reporting financial information are addressed below.

Executive Agency Accounting System - 31 U.S.C. 3512

This requires agency heads to establish effective systems of accounting and internal control to ensure accurate reports for management of operations, budget execution, external reporting, and effective control of agency assets.

**Financial Reporting
and Accounting
System - 31 U.S.C.
3513**

This section gives the Secretary of the Treasury and the Comptroller General the authority to establish reporting standards and requirements for all Federal agencies. The Secretary of the Treasury is responsible for consolidating reports of all executive agencies for the President on the financial operations of the U.S. Government.

**Federal Managers
Financial Integrity
Act of 1982 - 31
U.S.C. 1105, 1113,
3512**

This Act places the responsibility on Federal managers to implement and maintain a comprehensive accounting system, and also to institute a system of “internal controls” to safeguard resources. The Act requires an annual certification by the Administrator to the President and to Congress that the Agency’s financial system conforms to accounting principles and standards issued by the General Accounting Office.

**The Prompt
Payment Act- 31
U.S.C. 3901-3906**

This Act requires Federal agencies to pay their bills on time (neither early nor late), to pay penalties if payments are made late, and to take advantage of discounts offered only when it is cost effective and payments are made within the stated discount period. We should pay our bills in a timely fashion so that neither the people nor the Government incur unnecessary interest expenses.

**The Debt Collection
Act of 1982 - 31
U.S.C. 3302, 3701,
3711, 3716-3719**

This Act authorizes the Federal Government to collect debts by means of administrative offset; assess interest, penalties, and administrative costs on overdue debts; contract for private collection services; and disclose information on debts to credit reporting agencies and to the Internal Revenue Service.

**The Chief Financial
Officers Act of 1990
31 U.S.C. 501**

The purpose of this Act is to bring more effective general and financial management practices to the Federal Government; to improve systems of accounting, financial management, and internal controls; to assure the issuance of reliable financial information; and to deter fraud, waste, and abuse of Government resources. The statute designates a Chief Financial Officer in each major executive agency in the Federal Government.

**Government
Performance and
Results Act of 1993 -
31 U.S.C.**

The purpose of this Act is to improve the confidence of the American people in the capability of the Federal Government, by holding Federal agencies accountable for achieving program results.

The Debt Collection Improvement Act of 1996 - 31 U.S.C. 3332

The purpose of this Act is to improve Governmentwide debt collection, to reduce the deficit, and to respond to the public's increasing demand for and right to better financial accountability by the Federal Government.

Federal Financial Management Improvement Act of 1996

The main purpose of this Act is to provide for consistency of accounting by an agency from one fiscal year to the next, and uniform accounting standards throughout the Federal Government.

Responsibilities of the Financial Manager

A financial manager (anyone with financial management responsibilities) must protect resources against loss, fraud, waste, and abuse; prepare and execute the budget; and manage resources to promote the efficient and effective accomplishment of program goals. The financial manager should use the APHIS official accounting system to facilitate, control, and report on his/her progress in achieving program goals.

Managing Resources

Every fund holder must prepare a comprehensive detailed annual operating plan for expending funds which meets program and support unit objectives. This objective is met in the management of resources - the program focuses on organization accountability by managers and emphasizes the need to place the decision-making process at the lowest level consistent with program objectives. This is accomplished by allocating resources to an organizational entity in a "lump sum." Only ceiling limitations, such as staffing and travel, are imposed on the allocation.

The management responsibility for spending decisions is placed at the operational level and financial reports are produced at the lowest level of accounting (accounting codes) by an organizational entity. The cost by activity through proper distribution of indirect program and administrative cost is calculated by BAD or the National Finance Center (NFC).

**Managing Resources
(Continued)**

Each organizational unit allocated funds must develop an annual plan for expending financial resources. The annual operating plan should:

- ◆ Identify the spending authority by budget object class for the individual programs for each account at the levels authorized in the allocation;
- ◆ Reflect the assignment of organizational responsibility for managing these programs;
- ◆ Distinguish between appropriated funds and reimbursable funds;
- ◆ Monitor key variables and relevant workload or activity measures of achievements; and
- ◆ Establish spending authority to operating officials who execute the operating plan. The amount of spending authority distributed to an entity should represent the amount needed for a specific time period or to accomplish an approved plan.

**Review and
Evaluation of Agency
Programs**

The financial managers must ensure monthly reconciliation of the financial reports generated from the APHIS official accounting system. It is imperative to provide accurate, up-to-date, and timely information to managers so they can effectively evaluate accomplishments and provide a basis to support future decisions to accomplish program goals. Close monitoring of available funds ensures:

- ◆ Funds are used only for the purposes for which they were appropriated;
- ◆ Funds are expended in an economical and efficient manner;
- ◆ Obligations and disbursements do not exceed authorized amounts; and
- ◆ Funds are not reserved or otherwise deferred without Congressional knowledge or approval.

**Review and
Evaluation of Agency
Programs
(Continued)**

A monthly status of funds review should be conducted for each fund holder. The review should compare the work accomplished (results) with resources expended (costs). It also should contain current availability of funds, operating plan, year-to-date obligations, and staff-year information on a program-by-program and unit basis. The review also should project expected surpluses and deficits for the current fiscal year. This review and evaluation process is a valuable fund management exercise and contributes much to the fiscal control process.

**How This Manual is
Organized**

This manual covers the entire budget and accounting process and a chapter on the proposed new USDA financial system, the Foundation Financial Information System.

General information is provided in each chapter. Instructions and sample forms are included as exhibits when no other source provides such instructions. Please refer to the appropriate chapters in Title II - NFC Voucher and Invoice Payments Manual and Title III - NFC Billings and Collections Manual for detailed instructions on NFC procedures; the APHIS Agreements Management Manual for detailed information on cooperative agreements and grants; and the Federal Travel Regulations for detailed information on travel.